



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: 2009-11 and 2011-13 General Fund Budget

In response to numerous legislative inquiries, the following tables provide information on the condition of the general fund for the 2009-11 and 2011-13 biennia. The figures in the tables are shown in millions and reflect all bills enacted in the 2009-10 legislative session (thru 2009 Act 406) and actions of the Joint Committee on Finance to date. Table 1 displays the projected 2009-11 general fund condition statement.

TABLE 1
2009-11 General Fund Condition Statement
(Thru 2009 Act 406)

	<u>2009-10</u>	<u>2010-11</u>
Revenues		
Opening Balance, July 1	\$90	\$336
Taxes	12,132	12,787
Departmental Revenues		
Tribal Gaming Revenues	19	22
Other	<u>799</u>	<u>781</u>
Total Available	\$13,040	\$13,926
Appropriations and Reserves		
Gross Appropriations	\$12,941	\$14,109
Compensation Reserves	47	96
Less Lapses	<u>-284</u>	<u>-324</u>
Net Appropriations	\$12,704	\$13,881
Balances		
Gross Balance	\$336	\$45
Less Required Statutory Balance	<u>-65</u>	<u>-65</u>
Net Balance, June 30	\$271	-\$20

Table 2 focuses only on the 2010-11 fiscal year. 2010-11 is the "base year" for construction of the 2011-13 budget.

TABLE 2
2010-11 General Fund Condition Statement

	<u>2010-11</u>
Opening Balance, July 1	\$336
Revenues (Taxes and Departmental Revenues)	<u>13,590</u>
Total Available	\$13,926
Net Appropriations	\$13,881
Gross Balance	\$45

Table 3 addresses the structure of the general fund budget. To do so, only the revenues, net appropriations, and the difference between the two is shown. Thus, Table 3 ignores the opening balance and focuses only on the revenues and net appropriations for the 12 months of the fiscal year.

TABLE 3
2010-11 Balance of Revenues and Expenditures

	<u>2010-11</u>
2010-11 Revenues	\$13,590
Net Appropriations	<u>13,881</u>
Difference	-\$291

Table 4 shows estimated 2011-13 general fund commitments. This table reflects estimated increases or decreases of various items for each year of the 2011-13 biennium as a change to base year (2010-11) revenues and net appropriations.

TABLE 4**2011-13 General Fund Commitments**

	<u>2011-12</u>	<u>2012-13</u>
Revenues (Taxes and Departmental Revenues)		
2010-11 Base Revenues	\$13,590	\$13,590
Modifications to Base		
Restore estate tax in 2011	\$94	\$125
Reduction in <u>Menasha</u> refunds	6	6
Combined reporting/add backs	43	28
2007 Act 20 lapse/transfer	-100	-100
2009 Act 28 lapse/transfer	-164	-164
2009 Act 2 lapse/transfer	-43	-43
Petroleum inspection fund transfer	-9	-9
Capital gains deferral on QNBVs	-25	-25
Expand angel investment tax credit	-13	-13
Sales tax exemption for biotechnology	-7	-13
Electronic medical records credit	-5	-10
Expand early stage seed credit	-6	-6
R&D credit	-5	-5
IRC update	6	6
AgChem transfers	-1	-2
2005 Act 25 insurance deduction	-8	-8
2007 Act 20 insurance deduction	-22	-56
2007 Act 20 child care deduction	-6	-10
IRA provisions	-20	-30
Delay community rehabilitation credit	-3	-3
Delay alternative energy sales tax exemption	-1	-1
Delay biodiesel tax credit	-1	-2
New development opportunity zones	-2	-2
Recycling fund transfers	<u>-15</u>	<u>-15</u>
Subtotal -- Modifications	-\$307	-\$352
Total	\$13,283	\$13,238

	<u>2011-12</u>	<u>2012-13</u>
Net Appropriations		
2010-11 Base	\$13,881	\$13,881
Modifications to Base		
Medical assistance -- replace enhanced FMAP	\$314	\$314
SeniorCare -- replace enhanced FMAP	3	3
DHS MA rate reform -- replace enhanced FMAP	24	24
DHS MA rate reform -- delayed payments	59	59
Debt service funding	154	162
First dollar credit increase	5	5
Delete covenant lapse	25	25
Terminate MN/WI Reciprocity payment	-61	-61
Child support incentive match payment	5	5
Subsidized jobs -- EITC	2	2
Governor, Court, Legislature lapse	10	10
Jobs tax credit	5	10
Foster care and adoption assistance -- replace enhanced FMAP	5	5
Student financial aid	4	7
Female inmate treatment center	6	6
Index homestead tax credit	1	2
Beginning farmer credit	1	1
Public benefits fee/DAs	9	9
SPD private bar	2	2
SPD positions	4	4
UW System base restoration	15	15
UW WiSys technology foundation grants	0	-1
Children's long-term support program	4	4
Independent living centers	1	1
Independent charter schools	2	4
Engineering grants	0	-2
Community health/poison control	1	1
TANF maintenance of effort	13	13
Additional enterprise zones	2	8
Food processing investment credit	<u>-1</u>	<u>-1</u>
Subtotal -- Modifications	\$614	\$636
Total	\$14,495	\$14,517

Table 5 places the figures from Table 4 into condition statement format for the 2011-13 biennium. It is important to note that the amounts shown in Tables 4 and 5 represent current law commitments. No assumptions are made about changes (increases or decreases) in caseload and population estimates or for such items as state employee compensation (salary or fringe benefits) in the 2011-13 biennium. Also, the figures in Table 5 are displayed for the purpose of examining base revenues and appropriations, adjusted for 2011-13 commitments. The table does not reflect any potential revenue growth or other appropriation changes, including increases in elementary and

secondary school aids or restoration of the funding related to 2009-11 state employee furloughs (\$36 million GPR, annually).

TABLE 5
2011-13 General Fund Condition Statement
(Before Revenue Growth and Program Expansion)

	<u>2011-12</u>	<u>2012-13</u>
Opening Balance, July 1	\$45	\$65
Revenues (from Table 4)	<u>13,283</u>	<u>13,238</u>
Total Available	\$13,328	\$13,303
Net Appropriations (from Table 4)	\$14,495	\$14,517
Required Balance	<u>65</u>	<u>65</u>
Total	\$14,550	\$14,582
Amount Needed	\$1,232	\$1,279
Biennial Amount		\$2,511

Table 5 shows that, for 2011-12, the general fund would need to generate \$1,232 million in order to meet current commitments, maintain the required statutory balance, and balance the budget for that year. In 2012-13, \$1,279 million (\$47 million over the \$1,232 million in 2011-12) would need to be realized.

Table 6 lists the estimated general fund amounts necessary to produce a balanced budget for 2011-13 and the seven preceding biennia.

TABLE 6
General Fund Amounts Necessary for a Balanced Budget

	<u>1st Year</u>	<u>2nd Year</u>	<u>Total</u>
For the 2011-13 Biennium	\$1,232	\$1,279	\$2,511
For the 2009-11 Biennium	800	882	1,682
For the 2007-09 Biennium	653	846	1,499
For the 2005-07 Biennium	701	845	1,546
For the 2003-05 Biennium	1,340	1,527	2,867
For the 2001-03 Biennium	693	1,026	1,719
For the 1999-01 Biennium	589	914	1,503
For the 1997-99 Biennium	624	908	1,532

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